



OOC General Meeting- June 5, 2013

BSEE Update

Agenda



- Regulatory Update
- NTL Update
- Alternate Compliance Update
- Idle Iron Update
- Supplemental Bonding/Decommissioning Cost Update
- SEMS Update
- Other
- Questions/ Beat Up Regulator?

Final Rule



- Revisions to Safety and Environmental Management Systems (SEMS II)
- Published in Federal Register on April 5, 2013 with an effective date of June 4, 2013.

Upcoming Proposed Rules



Draft under review:

- Oil and Gas Production Safety Systems – Subpart H
- Blowout Prevention Systems

Being drafted:

- Arctic (Joint with BOEM)
- Suspensions of Production and Operations
- Natural Gas Fluids Measurement
- Oil Spill Mechanical Recovery

Upcoming Proposed Rules



The following rule is currently being drafted to primarily incorporate standards (API, ASME, etc.)

- Update of Cranes Standard
- Production Measurement Documents Incorporated by Reference
- American Society of Mechanical Engineers (ASME) Documents Incorporated by Reference
- Incorporation of Standards Well Design Criteria (API Standards), Cementing and Casing Requirements

NTLs – Recently Issued



- Reimbursement for Providing Meals, Quarters, and Transportation to BSEE Representatives – Effective March 8, 2013
- Global Positioning System (GPS) for Mobile Offshore Drilling Units (MODUs) – Effective March 19, 2013
- Wells (holes-in-the-ground) Without Assigned BSEE API Numbers – Effective March 19, 2013

New NTLs Under Consideration



NTL drafts under review:

- Oil Spill Response Plan Worst Case Discharge Scenarios
- Beneficial Use of Lease or Unit-Produced Hydrocarbons
- Recommendation Regarding Submittal of a Deepwater Operations Plan (DWOP)

New NTLs Under Consideration



NTLs to be drafted:

- Changes in Oil Spill Removal Organizations
- Dual Gradient Drilling
- HPHT
- Using Gas Lift and Waterflood as Secondary Recovery Methods for Subsea Production Operations
- Single Bore Production Risers

New NTLs Under Consideration



NTLs to be drafted:

- Subsea High Integrity Pressure Protection Systems (HIPPS)
- Inspections of High Pressure Drilling Risers with Surface BOPs
- Determining the Minimum Production Packer Setting Depth
- Free Standing Hybrid Riser Tether Chains
- Wellheads, Valves, and Trees Not Pressure Related by API

Alternate Compliance



- Installation of a downhole safety device, such as a cement plug, bridge plug, or packer whenever drilling operations are interrupted.
- High-pressure test for ram-type BOPs, the choke manifold, and other BOP components. The high-pressure test must equal the rated working pressure of the equipment or be 500 psi greater than your calculated maximum anticipated surface pressure (MASP) for the applicable section of hole. Before you may test BOP equipment to the MASP plus 500 psi, the District Manager must have approved those test pressures in your APD.

Alternate Compliance



- High pressure test for annular-type BOPs. The high pressure test must equal 70 percent of the rated working pressure of the equipment or to a pressure approved in your APD.
- An inside BOP or a spring-loaded, back-pressure safety valve and an essentially full-opening, work-string safety valve in the open position shall be maintained on the rig floor at all times during well-completion operations. A wrench to fit the work-string safety valve shall be readily available. Proper connections shall be readily available for inserting valves in the work string.

Alternate Compliance



Additional BOP testing requirements. You must:

- Pressure-test variable bore-pipe rams against all sizes of pipe in use, excluding drill collars and bottom-hole tools;
- Test affected BOP components following the disconnection or repair of any well-pressure containment seal in the wellhead or BOP stack assembly;
- BOP inspections. You must visually inspect your BOP system and marine riser at least once each day if weather and sea conditions permit. You may use television cameras to inspect this equipment. The District Manager may approve alternate methods and frequencies to inspect a marine riser.

Idle Iron Policy



- Operators must perform one of the following within 3 years of a well making the idle iron list:
 - PA the well in accordance 250.1712 - .1717; or
 - TA the well in accordance 250.1721; or
 - Provide the well with downhole isolation.
Within two years of setting downhole plugs,
they must either PA/TA the well
- Idle platforms must be removed as soon as possible, but not longer than five years after it became no longer useful.

Idle Iron Implementation



- BSEE is tracking companies' compliance with their submitted idle iron abandonment plans
- Inventory of idle iron at time of NTL issuance
 - 3233 total idle wells
 - 617 total idle platforms
- Current Inventory of idle iron (as of 2/22/2013)
 - 2016 total idle wells (including 260 newly idle since NTL)
 - 400 total idle platforms (including 62 newly idle since NTL)

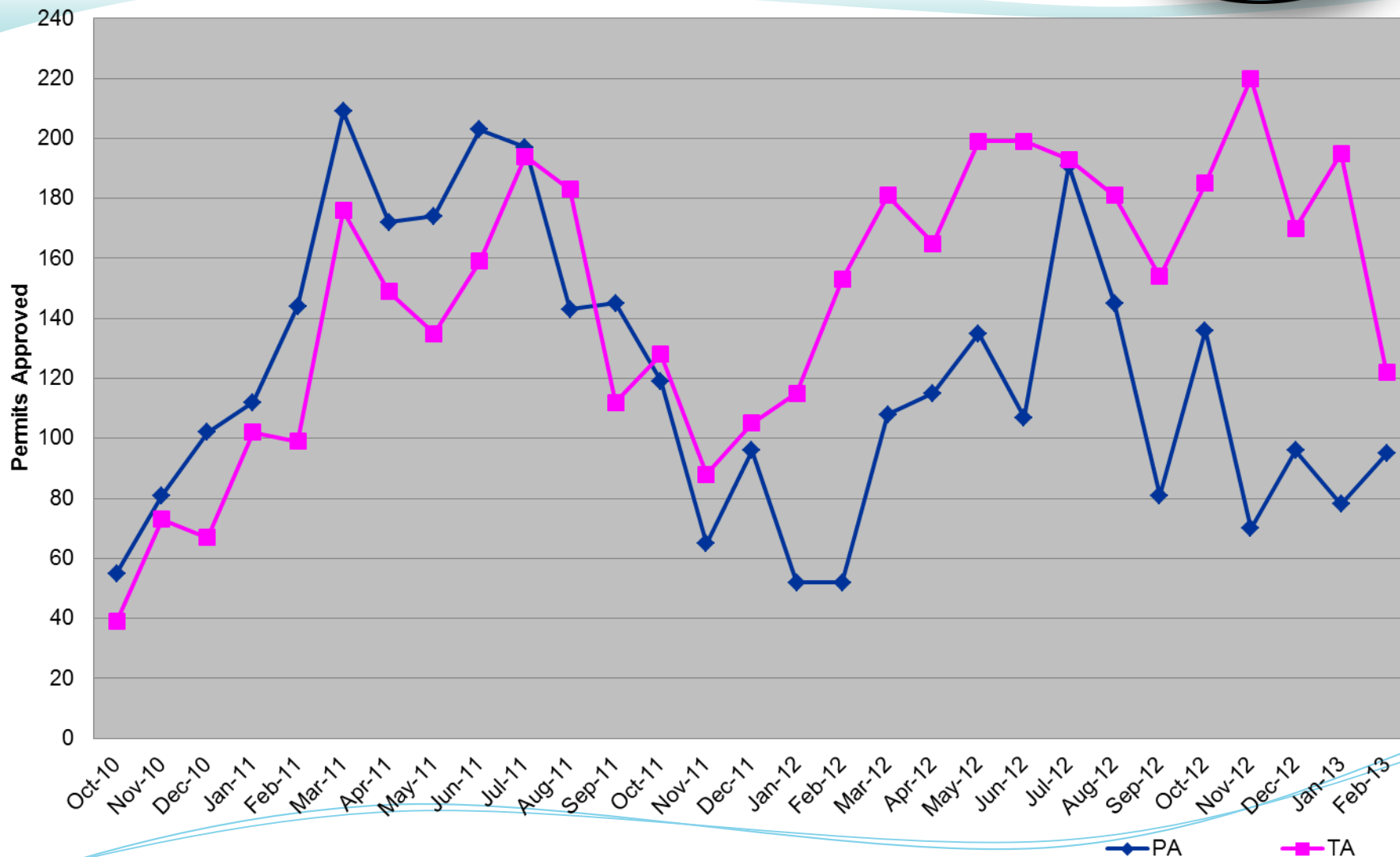
Platform Removal Permits



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Permits Approvals	129	218	154	141	185	177	227	281	254	319	376
Platforms Removed	111	159	190	122	108	153	151	226	212	260	254

Well Abandonment Permits

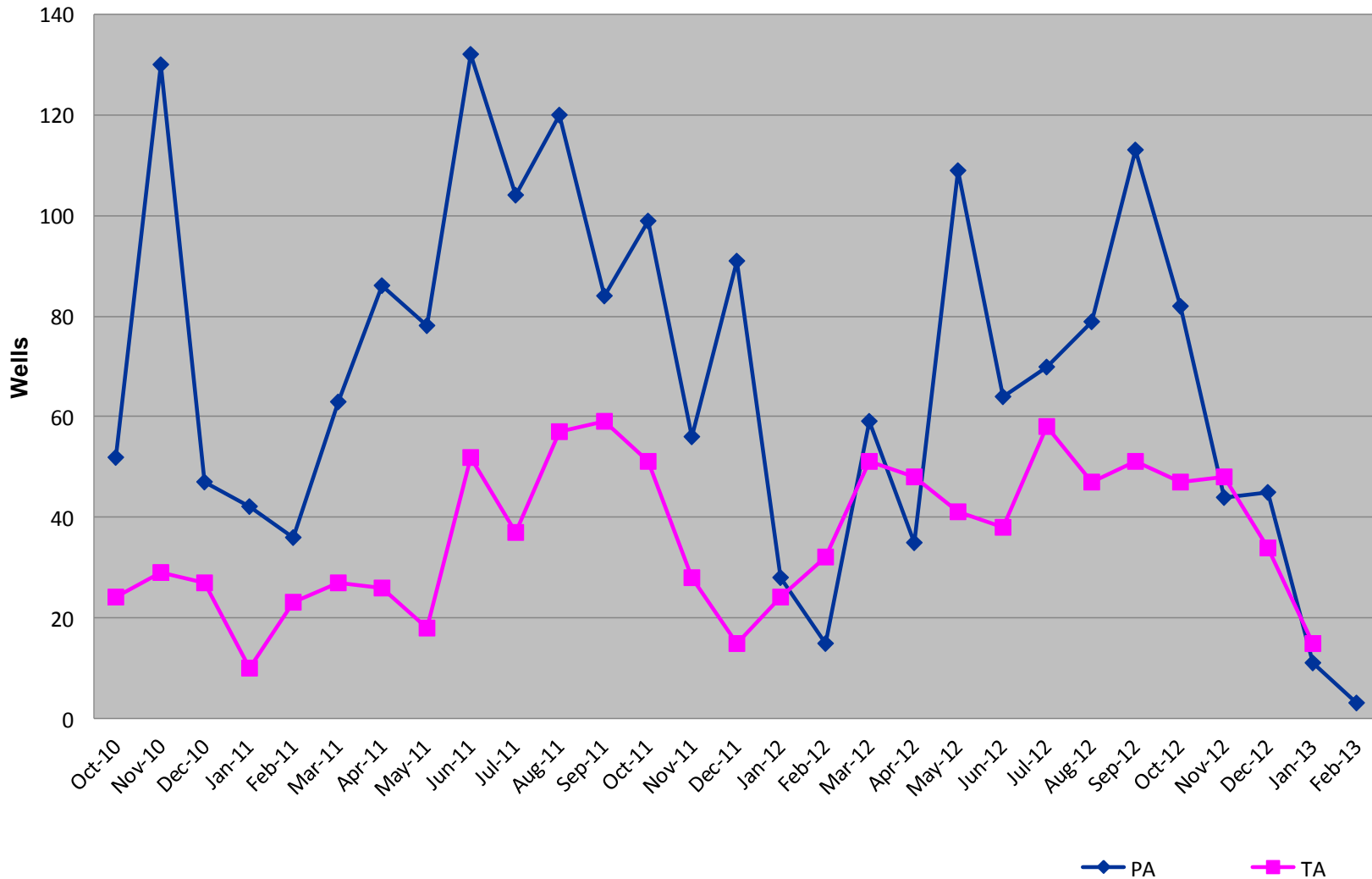
Abandonment APMs Approved



Abandoned Wells



Number of Wells Abandoned



BSEE/ SPE PA Seminar



- BSEE recently hosted and participated in an SPE seminar on well abandonment at the GOM Region office
- Will look for other opportunities to conduct seminars or workshops on various topics of interest to BSEE and Industry
- Where appropriate we would like to hold jointly with Industry

Bonding Forum



- BOEM and BSEE conducted a forum on May 23, 2013 to address outstanding issues associated with decommissioning costs and financial assurance issues.
- OOC, API, AAPL / OCS Advisory Board and others were represented
- Industry Associations agreed to provide additional input into current problem areas.

Bonding Forum



BOEM

To determine an entity's
financial wherewithal to
accomplish their
decommissioning obligation

BSEE

To estimate the cost to
accomplish
decommissioning
obligations

Actuals



Floating Facilities:

- Removal costs of floating facilities have been updated when triggered by a sale, bankruptcy, or assignment.
- Currently estimates are being done by OSTs using the methodology outlined in the deepwater study.

Actuals



Well P&A costs in > 1000 feet:

COM to P&A

Subsea Well	25 days	\$20,560,000
Dry Tree	25 days	\$2,055,900

TA to P&A

Subsea Well	16 days	\$13,250,000
Dry Tree	16 days	\$1,325,000

*Subsea well costs assume a MODU spread rate while dry tree well costs assume a platform rig rate.

The Future



- Update P&A costs for all subsea wells in > 1000 feet of water.
- Expand study of subsea well P&A costs to other water depth ranges and update costs accordingly.
- Update removal costs for remaining floaters.
- Complete assessments of pipelines.
- Complete assessment of wells and facilities in < 400 feet of water.
- Devise and implement strategy for periodic reassessment.

SEMS Update



- SEMS II rule implementation
- SEMS I audit recap status:
 - 4 Audits completed and corrective actions closed out
 - 26 Audits completed and corrective action plans being monitored
 - 10 currently being conducted with BSEE observation
 - 2 Withdrawn
 - 40-45 Audits remain to be conducted by November 15, 2013

Helix / Noble Subsea Capping Stack Deployment



- BSEE completed a drill of Noble utilizing the Helix Well Containment Group's capping stack in April/May of this year
- Drill resulted in a successful deployment, test, and well modeling of the soft shut in procedure

INCs on the Web



2012 (through 12/7/12)

Operator	Warning INCs	Component Shut-In INCs	Facility Shut-In INCs	Inspections Conducted	Facilities Inspected*
AMCO Energy, Inc.	1			2	1
American Midstream Offshore (Seacrest) LP		2		5	4
Anadarko Petroleum Corporation	14	5	3	47	19
Anglo-Suisse Offshore Partners, LLC				5	4
ANKOR Energy LLC	13	27	1	42	23
ANR PIPELINE COMPANY				1	1
ANR Production Company				2	2
APACHE CORP.	3	1		7	6
Apache Corporation	100	105	10	523	344
Apache Deepwater LLC				3	1
Apache Oil Corporation				1	1
Apex Oil & Gas, Inc.	1			3	3
Arena Offshore, LP	17	14	1	91	49
ATP Oil & Gas Corporation	12	7	1	39	26
Badger Oil Corporation	2	2		9	7
Bandon Oil and Gas, LP	1	1		5	5
BHP Billiton Petroleum (Americas) Inc.				2	2
BHP Billiton Petroleum (GOM) Inc.	3		1	25	4
Black Elk Energy LLC				3	2
Black Elk Energy Offshore Operations, LLC	94	68	9	140	82
Blue Dolphin Pipe Line Company				2	2
Bois d' Arc Exploration LLC		1		3	1
BP Exploration & Production Inc.	16	8	1	71	18
Breton Energy, LLC	4	2		5	2
Callon Petroleum Operating Company				2	2
Castex Offshore, Inc.	2	9	1	31	21
Century Exploration New Orleans, Inc.	6	9	1	26	22
Chevron Corporation				1	1
Chevron Midstream Pipeline LLC	5			4	4
Chevron U.S.A. Inc.	67	64	7	471	292
Cobalt International Energy, L.P.	3			11	1
Conn Energy, Inc.	3	3		7	2
ConocoPhillips Company				5	2

Incidents Data



OCS Incidents/Spills by Category: CY 2007 – 2012												
TYPE	2007		2008		2009		2010		2011		2012	
	GOM	PAC	GOM	PAC	GOM	PAC	GOM	PAC	GOM	PAC	GOM	PAC
FATALITIES	5	0	11	0	4	0	12	0	3	0	4	0
INJURIES *** #	423	17	318	14	285	16	273	12	213	18	246	34
LOSS OF WELL CONTROL ***	7	0	8	0	6	0	4	0	3	0	4	0
FIRES/EXPLOSIONS	110	8	139	12	133	12	126	4	102	2	131	6
COLLISIONS ***	20	1	22	0	29	0	8	0	14	0	9	1
SPILLS ≥ 50 bbls **	4	0	33	0	11	0	5	0	3	0	8	0
OTHER ***	268	27	278	36	308	28	155	17	186	15	178	35
INCIDENT TOTAL FOR THE YEAR	837	53	809	62	776	56	583	33	524	35	580	76
COMBINED TOTAL FOR THE YEAR	890		871		832		616		559		656	
SOURCE: BSEE Database as of April 2013						Incidents Archive						

2 Panel Investigations are underway: Black Elk Energy- Explosion/Fire/ Multiple Fatalities
 Bois D'Arc- Fatality on Spartan Rig
 50 District level investigations conducted this Fiscal year

Hurricane Update



- Hurricane Season Information is posted all in one place at www.bsee.gov/Hurricanes/Regulations

Hurricane Preparedness and Reporting Regulations

BSEE's regulatory oversight of offshore oil and gas operators and activities include both preparations for hurricanes, tropical storms, and severe weather, and reporting requirements if such weather events move through an area of the Outer Continental Shelf. Current requirements (Code of Federal Regulations, CFR) and guidelines (Notices to Lessees, NTL) can be found at the links below:

30 CFR 250.192: Reports and Statistics Submissions related to Hurricane

30 CFR 250.417: Use of a Mobile Offshore Unit (MODU)

30 CFR 250.901: Industry Standards for Platforms

30 CFR 250.919: In-service Inspection Requirements

Hurricane and Tropical Storm Effects Reports issued June 1, 2011: NTL 2011-G01

Post-Hurricane Inspection and Reporting issued September 1, 2009: NTL 2009-G30

Global Positioning Systems for Mobile Offshore Drilling Units issued June 25, 2009: NTL 2009-G16

Guidelines for **Jack-up Drilling Rig Fitness Requirements** for Hurricane Season issued June 1, 2009: NTL 2009-G10

Guidelines for **Tie-Downs on OCS Production Platforms** for Upcoming Hurricane Seasons issued May 20, 2009: NTL 2009-G13

Guidelines for **Moored Drilling Rig Fitness Requirements** for Hurricane Season issued June 1, 2008: NTL 2008-G09

Design of **New OCS Platforms and Related Structures** for Hurricane Conditions issued December 15, 2007: NTL 2007-G26

Assessment of **Existing OCS Platforms and Related Structures** for Hurricane Conditions issued October 1, 2007: NTL 2007-G27



**Thank you for your
attention.**

Website: www.bsee.gov